

**Liv A. Watson**

XBRL — Interactive Data at Your Desktop

CPAs wake up and take notice XBRL is here to stay.

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by Liv A. Watson, VP of Global Strategy

In the spring of 1998, Charley Hoffman, a CPA from Tacoma, Wash., began experimenting with emerging technology to solve the challenges of a manually intensive, error-prone and inefficient method of analyzing and organizing his client's information. A few months later Charley took his idea to the AICPA's High Tech Task Force and the rest, as they say, is history. Charlie's idea evolved into a standard called e**X**tensible **B**usiness **R**eporting **L**anguage (XBRL) which has grown into a global consortium that represents more than 400 organizations and government across the financial and business reporting supply chain.

XBRL is "a language for the electronic communication of business and financial data that is revolutionizing business reporting around the world," According to the XBRL Consortium. It provides major benefits for those who prepare, analyze and communicate business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

XBRL removes error-prone manual steps from the process of transmitting financial and business reporting information between all XBRL-enabled applications. A new revolution is about to take place and CPAs can no longer sit back and hope that XBRL is a technology fad that will go away.

Why Are the Regulatory Agencies Supporting XBRL?

One of XBRL's biggest supporters is Chairman Christopher Cox of the Security Exchange Commission (SEC). In fact, Chairman Cox coined the phrase "interactive data" for XBRL, at the January XBRL-US Public Meeting in San Jose, Calif.

Chairman Cox said that the real reason behind SEC's interest in interactive data was "to protect investors" and to ensure that markets function best when "all the information that market participants need is available to them when they want it, and in a form they can use." Cox also

pointed out that he was going contribute to the process and was not thinking in years but rather in months. XBRL has the ability to help shift the power back to the individual investor by empowering companies to more efficiently disseminate their financial information to the end user in a reliable, accurate and consumable way.

The Federal Deposit Insurance Corporation (FDIC) is using XBRL today to save costs and streamline its processes for collecting and reporting financial information. American Banker magazine recently reported that FDIC Chairman Don Powell said the reason it takes banks so long to release financial reporting information is that banks have between 30 and 45 days at the end of the each quarter to report it.” This causes a delay in gathering of critical information by regulators for benchmarking and monitoring.

Although this 30 to 45 day reporting window would remain in place for banks under the new system, regulators say they would be able to report quarterly bank call report information as soon as five days after all banks have filed — far sooner than the minimum of two weeks it takes today. In addition, Mr. Powell said “an XBRL system would help regulators do their jobs better and give banks a better gauge of their competitors.”

The Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, chaired by Rep. Richard H. Baker (R-LA), held a hearing on March 29th on *Transparency in Financial Reporting*, in which XBRL was the major topic on the agenda and AICPA President, Barry Melancon, testified. “XBRL enhanced business reporting will provide users with the breadth of information they require at the speed they need to be successful in today’s economy,” Melancon pointed out. “It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using data. XBRL is what makes it possible to use the EBR framework effectively,” he added.

Hitachi, Microsoft, UBmatrix, Rivet, the Shanghai Stock Exchange and EDGAR Online among other organizations are developing products and solutions around the XBRL framework. “We’re encouraged by the SEC’s continued support of XBRL and interactive data in public company financial reports,” Said EDGAR Online CEO Susan Strausberg. Every day the public becomes even more aware of XBRL as a viable solution to help both companies and investors make smarter financial decisions.

It is no wonder why regulatory agencies understand the value of XBRL. XBRL is taking financial and business reporting to a new height of interactive portable data. The CPA who wants to stay current on the topic can visit the [XBRL](#) Web site for news and information on how to join the consortium. At a minimum the accounting profession must acknowledge that the age of interactive data is here to stay.

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